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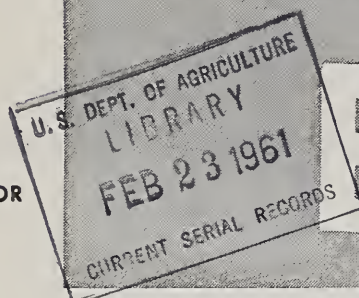


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*Paul W. Fisher*  
MARKET ADMINISTRATOR

*Market Administrator's*



# BULLETIN

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## Production of Most Manufactured Dairy Products Increased In 1960

With some increase in farm production of milk, with larger marketings of milk by farmers, and with no increase in consumption of fluid milk products, a greater quantity of milk was available for manufacturing in 1960 than in 1959.

During 1960, production of all items except evaporated milk was greater than in 1959. The increase for ice cream, however, was smaller, apparently reflecting the increased unemployment beginning in the middle and continuing through the second half of 1960. The largest percentage increase in milk used occurred for cheese other than American, although the largest aggregate increase was accounted for by creamery butter.

Changes in utilization of milk normally are small from one year to the next. Customarily, abrupt changes in utilization patterns have been limited to periods of imposition or release of price or supply controls. However, year-to-year changes, though small, usually have been persistent, and over a period of time a substantial shift in milk utilization becomes noticeable. One of the more pronounced changes has been the decline in use of milk for evaporating purposes. Use in this outlet dropped from 8.3 percent of total farmers' sales in 1945 to 6.3 percent in 1950, and to less than 4 percent in 1960.

An unusual development within the manufactured dairy products group occurred during 1960 with reference to prices and utilization of milk for American cheese and butter, respectively. During several months of 1960, the price paid

farmers for milk for making American cheese was higher than usual, relative to prices paid for milk used in making butter and nonfat dry milk. Wholesale prices for American cheese also were higher than usual, relative to wholesale prices for butter. Production of American cheese did not increase as much as butter during the first three quarters of 1960 - until October there seemed to be little relationship between relative amount of milk used in cheese and the butter-cheese price relationship. Usually, a price advantage for one or the other of these two products will lead, within a matter of two months or so, to a shift in milk utilization and a realignment of prices for both the raw milk and the finished products. But this adjustment was slow in coming during 1960. It was not until October that the use of milk began to shift toward the production of cheese, and this followed a shift from a normal price relationship in July to the highest price of milk for cheese relative to that for butter-powder since 1947.

During August 1960, production of butter ran about 7 percent above a year earlier, compared with an increase for American cheese of a little over 3 percent. In September, some shift began to be noticeable, with cheese output still running around 3 percent over a year earlier, and butter output actually running only 1 percent over 1959. But in October, the output of cheese rose to about 17 percent above 1959, compared with a

(continued on the back page)

## PURCHASES OF BUTTER RUNNING ABOVE A YEAR EARLIER; CHEESE PURCHASES NEGLIGIBLE

For the first 10 months of 1960, production of butter and all varieties of cheese both increased by 4 percent above a year earlier while American cheese was only up by 2 percent. It is somewhat unusual that production of cheese and of the milk used for cheese-making was high compared with that for butter and for milk used in butter-making, during several months of the year. Beginning in October, production of American cheese has been running substantially above a year earlier reflecting a sharp price change in favor of cheese. In the same manner, in view of these price-quantity relationships, the support volume for butter has been maintained at a higher level through 1960, whereas cheese purchases have been negligible since the end of November 1959.

In the first eight months of the current marketing year, a total of 82.6 million pounds of butter was sold to the CCC, compared with 76.4 million a year earlier. Sales of cheese to CCC, on the other hand, total only 0.3 million pounds so far this marketing year, compared with 50.2 million pounds a year earlier. A little larger consumption of cheese, and somewhat greater storage accumulations account for part of the decline in cheese purchases by CCC. The larger consumption reflects a substantial increase in commercial use which was partly offset by a reduction in distribution of government-owned cheese. Deliveries of nonfat dry milk to CCC in April-November this year, totaling 553 million pounds, were practically unchanged from a year earlier.





# Columbus

## MARKET FACTS FOR EASY REFERENCE

### PRICE SUMMARY

Producers' Uniform Price (3.5%) .....	\$4.79	\$4.94	\$4.85
Producers' Uniform Price (4%) .....	5.185	5.33	5.25
Class I (3.5%) .....	4.782	4.611	4.758
Class II (3.5%) .....	4.382	4.211	4.358
Class III (3.5%) .....	4.063	4.004	3.854
Class IV (3.5%) .....	3.092	3.135	3.155
Producer Butterfat Differential for each 1/10% .....	7.9¢	7.8¢	8.0¢

### UTILIZATION SUMMARY

Percent of Producer Milk in Class I .....	79.8	85.9	83.4
" " " B.F. " " I .....	74.3	79.8	76.9
" " " Milk " " II .....	6.2	6.7	6.2
" " " B.F. " " II .....	2.0	2.4	2.1
" " " Milk " " III .....	1.7	1.5	2.1
" " " B.F. " " III .....	1.8	2.4	3.1
" " " Milk " " IV .....	12.3	5.9	8.3
" " " B.F. " " IV .....	21.9	15.4	17.9

### PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered .....	28,880,166	27,083,211	27,160,559
Average Daily Class I Producer Milk .....	743,554	774,993	666,678
Total Number of Producers .....	1,545	1,566	1,693
Average Daily Production per Producer .....	603	577	518
Average Butterfat Test .....	3.97	3.94	4.01
Total Value of Producer Milk at Test .....	\$1,407,078.75	\$1,299,608.81	\$1,344,263.99
Income per Producer (7 Day Average) .....	\$205.65	\$193.64	\$179.29

### GROSS CLASS USE (Pounds)

Class I Skim .....	22,197,099	22,399,692	21,833,363
" I B.F. ....	853,072	850,109	836,688
" I Milk .....	23,050,171	23,249,801	22,670,051
" II Skim .....	1,833,436	1,907,706	1,707,170
" II B.F. ....	22,272	25,886	23,397
" II Milk .....	1,855,708	1,933,592	1,730,567

### AVERAGE DAILY SALES (Quarts)

Milk .....	303,085	304,991	296,219
Buttermilk .....	4,588	4,722	4,718
Chocolate .....	14,224	18,875	14,707
Skim .....	11,301	11,359	11,372
Cream .....	9,325	9,136	9,263

Dec. 1960	Nov. 1960	Dec. 1959
\$4.79	\$4.94	\$4.85
5.185	5.33	5.25
4.782	4.611	4.758
4.382	4.211	4.358
4.063	4.004	3.854
3.092	3.135	3.155
7.9¢	7.8¢	8.0¢
79.8	85.9	83.4
74.3	79.8	76.9
6.2	6.7	6.2
2.0	2.4	2.1
1.7	1.5	2.1
1.8	2.4	3.1
12.3	5.9	8.3
21.9	15.4	17.9
28,880,166	27,083,211	27,160,559
743,554	774,993	666,678
1,545	1,566	1,693
603	577	518
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4,588	4,722	4,718
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11,301	11,359	11,372
9,325	9,136	9,263



COMPARATIVE STATISTICS



**COLUMBUS MARKETING AREA**



Dec. 1951-60

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1951.....	15,677,571	4.25	84.9	13.5	1.6	----	5.15	5.191	4.792	4.017	----	2,108	240
1952.....	18,421,239	4.17	78.8	16.6	4.6	----	4.58	4.736	4.336	3.659	----	2,209	269
1953.....	22,066,687	4.10	73.5	13.9	12.6	----	4.26	4.472	4.072	3.466	----	2,252	316
1954.....	22,456,753	4.05	77.2	7.9	4.1	10.8	4.06	4.27	3.87	3.87	3.276	2,152	337
1955.....	23,609,212	4.03	76.9	8.9	4.4	9.8	4.01	4.188	3.788	3.788	3.161	2,096	363
1956.....	23,637,293	3.88	81.0	9.7	3.3	6.0	4.21	4.365	3.965	3.965	3.236	1,966	388
1957.....	24,923,644	3.93	79.9	7.4	4.0	8.7	4.24	4.419	4.019	3.919	3.096	1,863	432
1958.....	23,204,810	4.01	85.1	8.8	1.9	4.2	4.30	4.401	4.001	3.901	2.977	1,712	437
1959.....	27,160,559	4.01	83.4	6.2	2.1	8.3	4.85	4.758	4.358	3.854	3.155	1,693	518
1960.....	28,880,166	3.97	79.8	6.2	1.7	12.3	4.79	4.782	4.382	4.063	3.092	1,545	603

### Milk Production Turned Up In 1960

Production of milk in the United States declined in 1958 and 1959 from the record high of 125.9 billion pounds reached in 1957. The decline was related in large part to the rise in beef cattle prices to the highest level since 1952. The slight cutback in milk output occurred despite well above average milk-feed price relationships. Prices of beef cattle (seasonally adjusted) began to decline during the first quarter of 1959, and have continued downward almost without interruption ever since. With the lag in relationship of milk production to beef prices, however, and with some unfavorable production conditions in the main dairy belt of the country, milk output for the United States as a whole showed a decline of a half billion pounds in 1959, following a drop of about 1 billion pounds in 1958.

In each month of 1960, through November, milk production was slightly larger than a year earlier. The total for the 11 months was 116.1 billion pounds compared with 115.0 a year earlier. Thus for the year as a whole, about three-fourths of the 1958-59 decline will be recovered. There is a twofold arithmetical explanation for the upturn in milk output during 1960: The number of cows on farms was reduced at a lesser rate than in other recent years, and production per cow showed another significant increase.

Some further shift in the seasonal pattern of milk production occurred during 1960. From May through August, output was significantly below the record high for those months, although it was a little above a year earlier. In September, October and November, on the other hand, production exceeded all previous records for those months. This shift in pattern took place partly because of a shift in average freshening dates for milk cows and partly because of improved qualities of roughages available for non-pasture feeding months. In a number of fluid milk markets, seasonal pricing plans have been employed to encourage a shift to relatively larger output in the late summer and early fall. To the extent that this freshening dates to early fall, the annual shift is accomplished by altering the production of milk also tends to increase. It is generally believed that under average farm conditions prevailing in the United

States, a cow which freshens in the fall will produce during the lactation period around 10 percent more milk per year than if she freshens in the spring or summer.

Production of milk in the United States most likely will continue a little larger than a year earlier well into 1961. Existing conditions suggest a substantial upturn in milk output, especially if the prices received by farmers for beef cattle drop more rapidly than they have in the last two years. Ample supplies of feed grains are available, and with the support program in effect, milk-feed price relationships are certain to continue well above average. At the minimum, it is likely that output of milk will increase more from 1960 to 1961 than the 1.1 billion pounds increase which occurred between 1959 and 1960. In all probability, a new record high in total milk production will be reached in 1961. However, on a per capita basis, milk output may drop to a new record low. In 1960, per capita production of milk was 701 pounds, compared with 793 pounds in 1947-49, and 844 pounds in 1940.

Consumption of the different fluid milk products show mixed trends during 1960. The only current monthly indications of consumption for fluid products comes as a by-product of the administration of Federal and State milk marketing programs. For the first eight months of 1960, sales of fluid whole milk, in Federal and State regulated markets were larger than a year earlier by 0.2 percent. This, however, is short of the increase that would have been necessary to maintain the per capita rate of 1959. The increase in the total population of the United States is about 1.8 percent per year, and presumably the increase in the metropolitan areas covered by these Federal and State market orders is at least as great as the increase for the country as a whole. Even with the increase in population which no doubt occurred in major metropolitan marketing areas during 1960, the sales of fluid whole milk in all months except March and April have been smaller than a year earlier. The largest reduction was during July, a drop of 2.4 percent from July 1959. A possible explanation for the decline in per capita consumption of fluid milk in 1960 is the pronounced unemployment in some localities. Moreover, the retail price of milk in most cities was somewhat higher in 1960 than the record established in 1959.

### Consumption of Fluid Whole Milk Products Decreased In 1960

In comparison with 1959 levels, consumption of the different fluid milk products show mixed trends during 1960. The only current monthly indications of consumption for fluid products comes as a by-product of the administration of Federal and State milk marketing programs. For the first eight months of 1960, sales of fluid whole milk, in Federal and State regulated markets were larger than a year earlier by 0.2 percent. This, however, is short of the increase that would have been necessary to maintain the per capita rate of 1959. The increase in the total population of the United States is about 1.8 percent per year, and presumably the increase in the metropolitan areas covered by these Federal and State market orders is at least as great as the increase for the country as a whole. Even with the increase in population which no doubt occurred in major metropolitan marketing areas during 1960, the sales of fluid whole milk in all months except March and April have been smaller than a year earlier. The largest reduction was during July, a drop of 2.4 percent from July 1959. A possible explanation for the decline in per capita consumption of fluid milk in 1960 is the pronounced unemployment in some localities. Moreover, the retail price of milk in most cities was somewhat higher in 1960 than the record established in 1959.

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## Consumption of Dairy Products In Total Dropped to A New Record Low In 1960

Even though production of milk showed some increase in 1960 over a year earlier, and output of manufactured dairy products in total was greater, the consumption of manufactured products, as a group, showed some reduction in 1960, as did consumption of fluid milk products, measured on a milkfat basis and in terms of per capita quantities. In the aggregate, there apparently was some increase in consumption of milk products during 1960 over 1959.

Use of milk in the production of manufactured dairy products, as indicated earlier, was substantially larger in 1960, approximately matching the increase in farm production of milk. In the aggregate, however, the increase in storage stocks of manufactured dairy products, in terms of milk equivalent, has approximately matched the increase in farm production of milk. From the seasonal low point of storage stocks in early 1960, stocks (including Government) of manufactured dairy products and fluid cream, in terms of milk equivalent, increased 2.2 billion pounds by the end of October in 1960, compared with an increase of .9 billion pounds a year earlier, and, as indicated above, the withdrawals of cheese from storage in recent weeks have been smaller than a year earlier.

Changes in the per capita rates of consumption for the different manufactured dairy products also have not been uniform among items. Consumption of butter, both creamery and farm-made volumes in 1960, apparently will be about 7.8 pounds, compared with 8.0 pounds

in 1959. This is the first time on record that butter consumption per person has dropped below 8.0 pounds. The 1947-49 average was 10.6 pounds and the 1935-39 average was 17.0 pounds. Consumption of American cheese turned upward, after some decline in 1959, and the other varieties showed no change. Evaporated milk use showed another significant drop in 1960 to just a little over 11 pounds, compared with nearly 12 pounds in 1959 and around 18 pounds a decade ago. Consumption of frozen desserts, in terms of milk equivalent per capita, showed a slight decline in 1960, after a large increase from 1958 to 1959. A part of the reduction in consumption of manufactured dairy products reflects the reduced quantities of butter and cheese available for distribution from CCC supplies during 1960 as compared with 1959.

## Dairy Products Increased in 1960

(continued from page one)  
gain of about 3 percent for butter. This relationship in output increased further in November 1960.

The increased output of American cheese has already been reflected in some letup in the rate of withdrawals of cheese from storage. However, so far the wholesale price for American cheese has been unaffected, continuing at the highest level through October and November for the past eight years. By way of contrast, supplies of butter have been sufficient not only to cause prices to drop to the support level again, but for about one-third of a million pounds to be sold to the Commodity Credit Corporation during the last week of November. Presumably, the output of cheese will continue high, relative to butter, until supplies bring about a realignment of prices, both in terms of raw milk and in terms of the product of that milk.

## Market Quotations

December  
1960

12 MIDWEST CONDENSERIES 3.5% per Cwt. ....	\$3.440
5 CONDENSERIES (Cincinnati) 3.5% per Cwt. ... (estimated) .....	3.000
4 CONDENSERIES (Tri-State) 3.5% per Cwt. ....	3.100
Evaporated Milk Code Price, 3.5% per Cwt. ....	2.948
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati) .....	3.1691
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus) .....	3.142
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton) ....	3.166
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo) .....	3.040
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.) ....	3.040
Average Weekly Cheddars price per lb. ....	.3775
Average price per lb. non-fat dry milk solids, roller process delivered Chicago .....	.13825
Average price per lb. 92-score butter at Chicago .....	.60491
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant .....	.1313

## THE Market Administrator's BULLETIN

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